

2015

Earnings Release



Industrial Bank of Korea



Disclaimer

- Financial results contained herein have been prepared IAW K-IFRS unless noted otherwise.
- The operating results presented herein have not yet received a complete and full review by the external auditor and the Board of Directors, and may be subject to change in the due course of further process.
- This document contains certain financial information and results of operation, and may also contain projections, plans, strategies, and objectives of the Industrial Bank of Korea (“IBK”), which are not statements of historical facts but would be treated as forward-looking statements within the meaning of applicable laws. Forward-looking statements are subject to risks and uncertainties that may cause actual events and IBK’s further results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by IBK, or indicated by any such forward-looking statements will be achieved.
- Some of the totals may not sum due to the rounding.



CONTENTS

- I** Financial Highlights
- II** Profitability
- III** Loans · Deposits
- IV** Asset Quality
- V** Capital Adequacy
- VI** Appendix

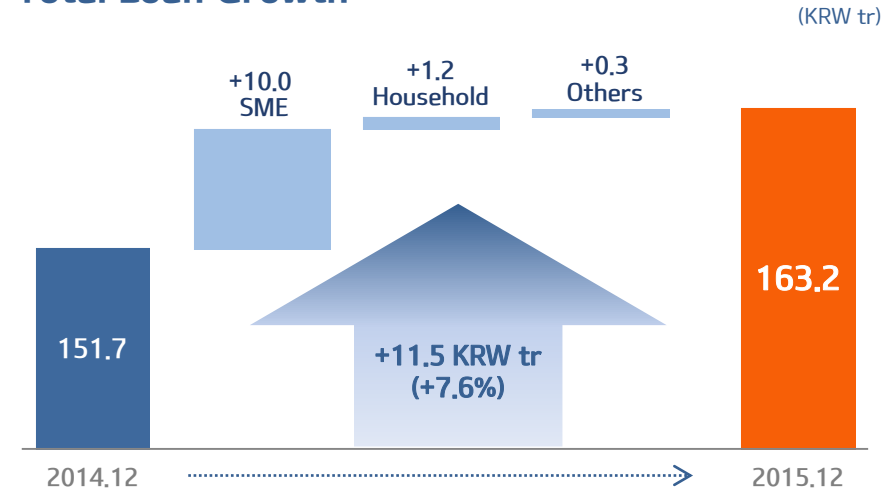


I Financial Highlights [Bank]

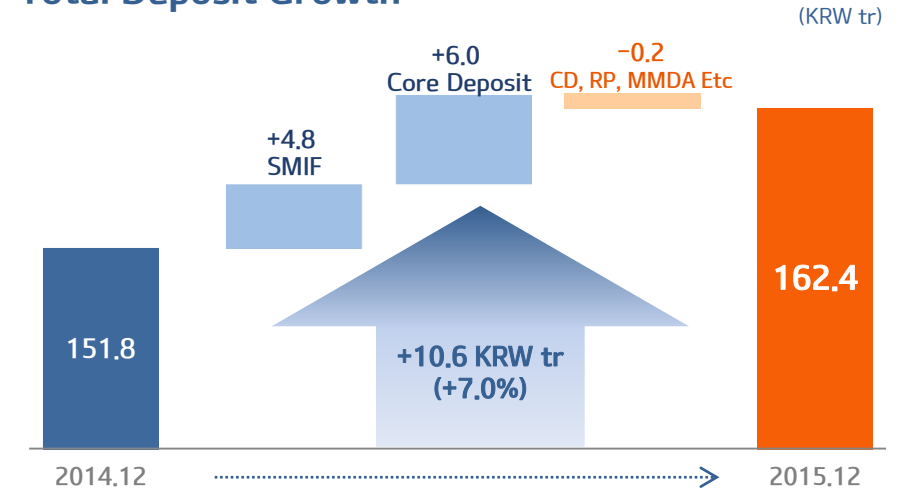


Financial Highlights [Bank]

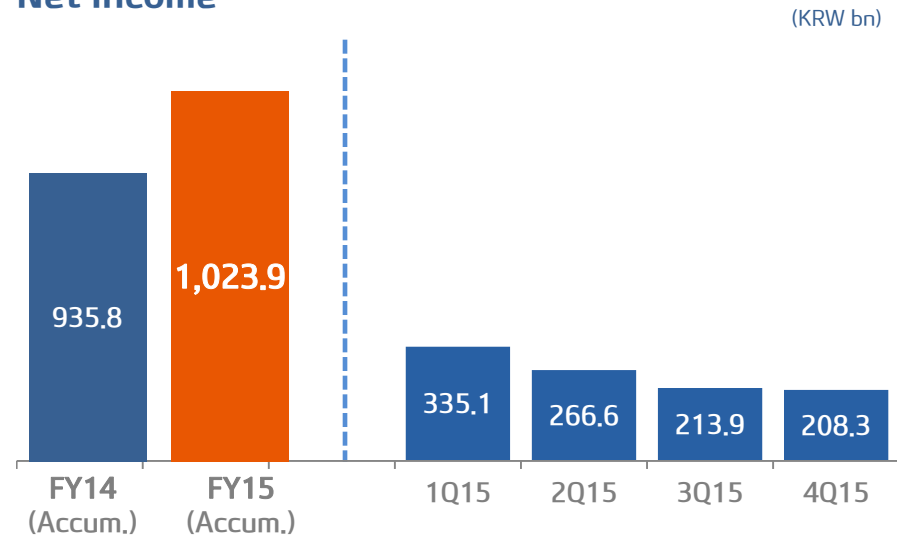
Total Loan Growth



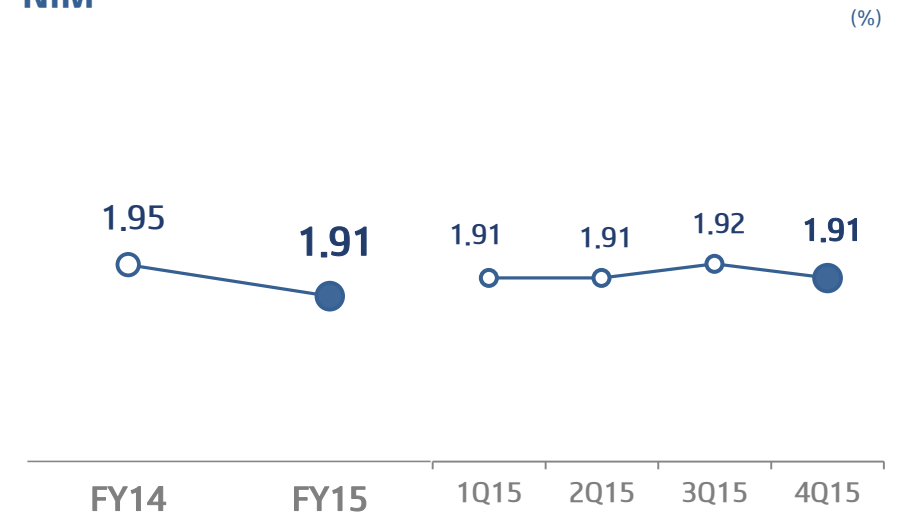
Total Deposit Growth



Net Income



NIM

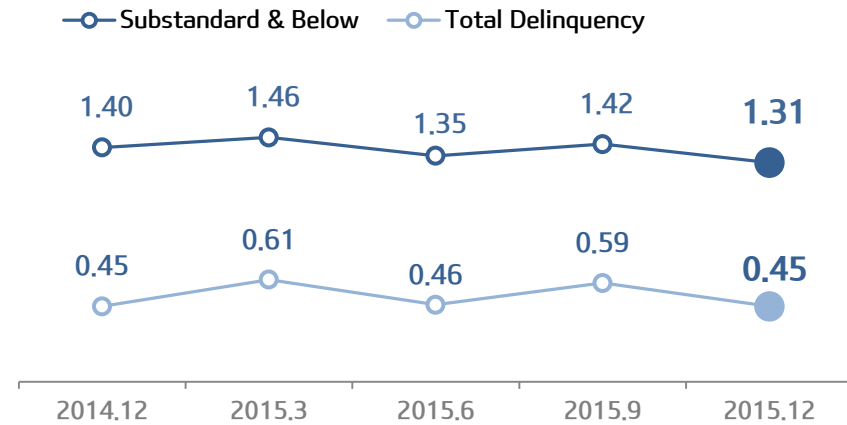




Financial Highlights [Bank]

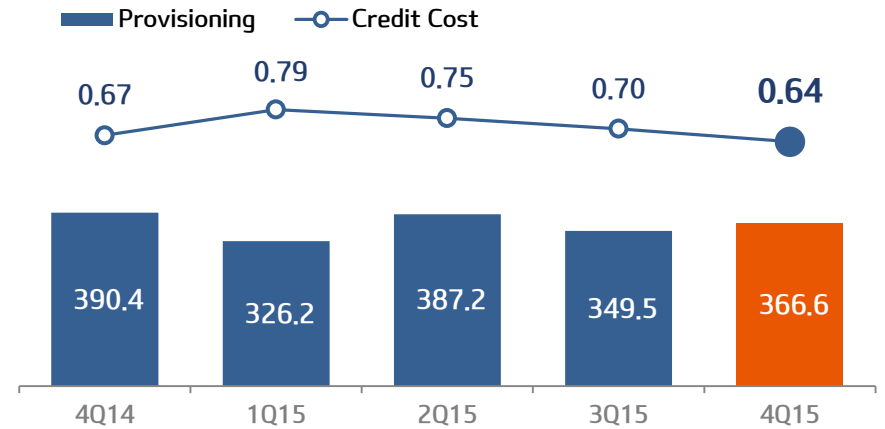
Substandard & Below - Total Delinquency

(%)



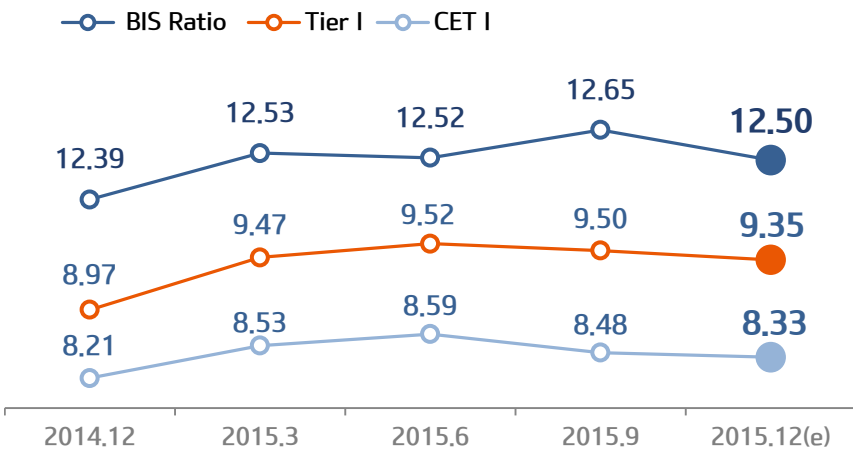
Provisioning - Credit Cost

(%, KRW bn)



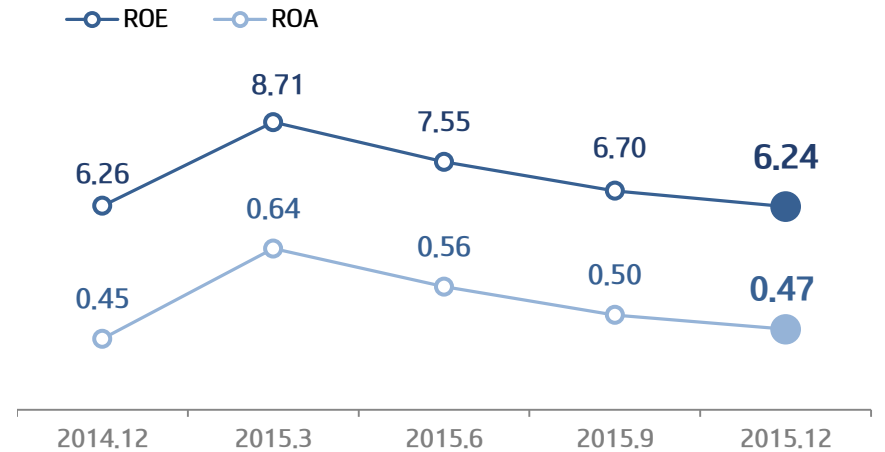
BIS CAR

(%)



ROE - ROA

(%)



▪ Consolidated



II Profitability

1. Income Statement [Consol.]
2. Income Statement & Interest Income [Bank]
3. Non-interest Income & SG&A [Bank]



Income Statement [Consol.]

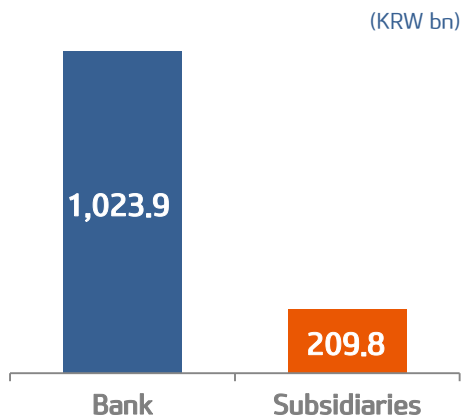
Income Details (Consol.)

(KRW bn)	FY15	4Q15	3Q15	QoQ%	FY14	YoY%
Bank	1,023.9	208.3	213.9	-2.6	935.8	9.4
Subsidiaries	209.8	33.8	57.2	-40.9	155.7	34.7
IBK Capital	53.9	4.5	16.9	-73.4	46.9	14.9
IBK Securities	30.3	2.5	11.8	-78.8	12.9	134.9
IBK Insurance	17.7	4.7	3.1	51.6	15.2	16.4
IBK Savings Bank	11.8	4.2	-	-	8.4	40.5
IBK China	3.8	2.9	-3.0	-	18.2	-79.1
IBK AM & Others (3)	8.4	3.9	2.9	34.5	10.0	-16.0
SPC, Funds & Others	83.9	11.1	25.5	-56.5	44.1	90.2
Adjustmen	-83.1	-16.0	-23.5	-	-59.5	-
Net Income	1,150.6	226.1	247.6	-8.7	1,032.0	11.5
(N.I. attributable to controlling interest)	1,143.0	224.8	244.3	-8.0	1,026.6	11.3

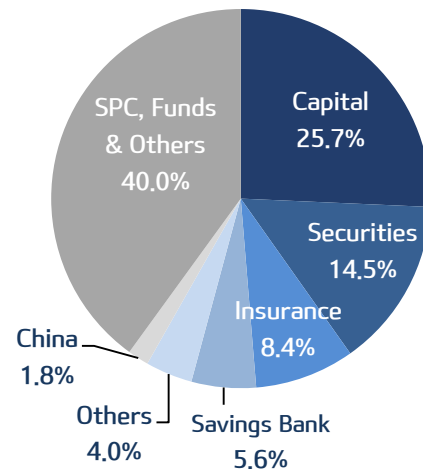
Income statement (Consol.)

(KRW bn)	FY15	4Q15	3Q15	QoQ%	FY14	YoY%
Interest Income	4,631.0	1,190.3	1,171.5	1.6	4,511.0	2.7
Non-interest Income	129.3	-86.6	-28.8	-	46.7	177.1
SG&A Expenses	2,096.7	565.4	522.6	8.2	2,005.5	4.5
Pre-Provisioning Operating Profit	2,663.6	538.3	620.2	-13.2	2,552.2	4.4
Net Provisioning	1,163.1	203.4	289.1	-29.6	1,163.9	-0.1
Operating Income	1,500.5	334.9	331.1	1.1	1,388.3	8.1
Non-op. Income	-31.0	-36.0	-4.2	-	-45.0	-
Pre-tax Income	1,469.5	298.9	327.0	-8.6	1,343.3	9.4
Income Tax	318.9	72.8	79.4	-8.3	311.3	2.4
Net Income	1,150.6	226.1	247.6	-8.7	1,032.0	11.5
(N.I. attributable to controlling interest)	1,143.0	224.8	244.3	-8.0	1,026.6	11.3

Income Comparison (Accum.)



Subsidiary Breakdown (Accum.)

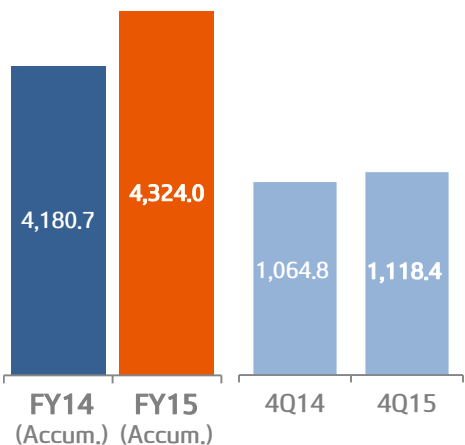




Income Statement and Interest Income [Bank]

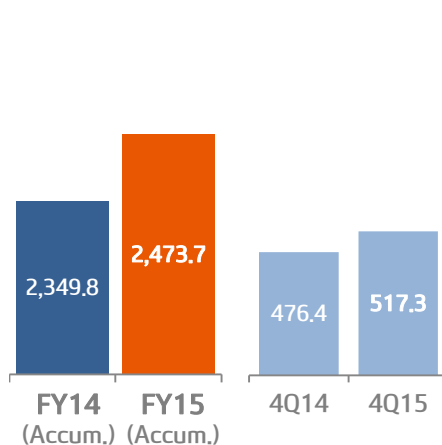
Interest Income

(KRW bn)



PPOP

(KRW bn)

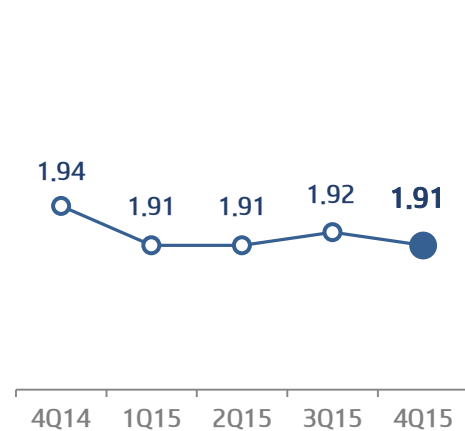


Income Statement (Bank)

(KRW bn)	FY15	4Q15	3Q15	QoQ%	FY14	YoY%
Interest Income	4,324.0	1,118.4	1,100.6	1.6	4,180.7	3.4
Non-interest Income	98.6	-72.2	-37.3	-	33.3	196.1
SG&A Expenses	1,948.9	528.9	487.0	8.6	1,864.2	4.5
PPOP	2,473.7	517.3	576.3	-10.2	2,349.8	5.3
Net Provisioning	1,132.9	205.8	287.3	-28.4	1,111.3	1.9
Operating Income	1,340.8	311.5	289.0	7.8	1,238.5	8.3
Non-op. Income	-41.3	-35.7	-6.8	-	-19.6	-
Pre-tax Income	1,299.5	275.8	282.2	-2.3	1,218.9	6.6
Income Tax	275.6	67.5	68.3	-1.2	283.1	-2.7
Net Income	1,023.9	208.3	213.9	-2.6	935.8	9.4

NIM

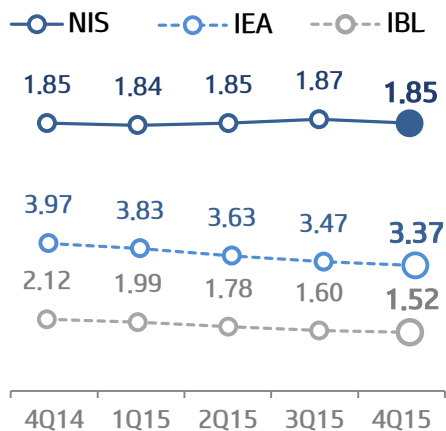
(%)



▪ Quarterly

NIS

(%)



▪ Quarterly

Interest Income Details (Bank)

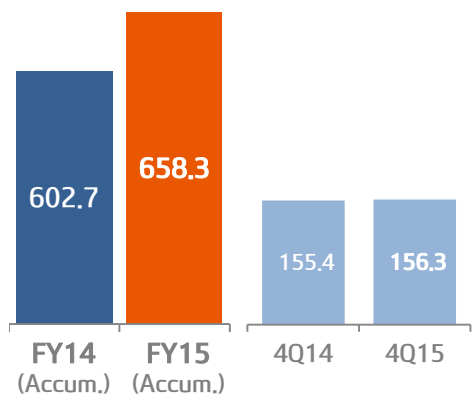
(KRW bn)	FY15	4Q15	3Q15	QoQ%	FY14	YoY%
Interest Revenue	7,468.8	1,841.0	1,848.9	-0.4	8,072.4	-7.5
Loans	6,262.0	1,544.3	1,551.1	-0.4	6,694.2	-6.5
Credit Card Rec.	463.4	117.2	119.5	-1.9	446.6	3.8
(Credit Purchase)	431.2	108.0	111.2	-2.9	414.0	4.2
Securities	671.5	157.9	160.6	-1.7	827.2	-18.8
Others	71.9	21.6	17.7	22.0	104.4	-31.1
Interest Expenses	3,144.8	722.6	748.3	-3.4	3,891.7	-19.2
Deposits	906.7	205.1	217.6	-5.7	1,139.9	-20.5
SMIF Bonds & etc	2,238.1	517.5	530.7	-2.5	2,751.8	-18.7
Interest Income	4,324.0	1,118.4	1,100.6	1.6	4,180.7	3.4



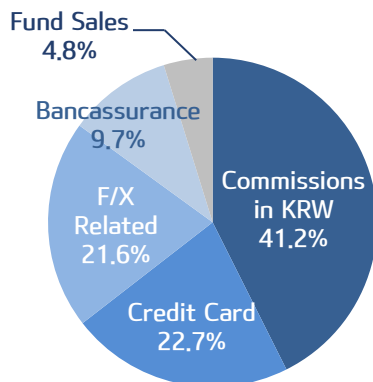
▶ Non-Interest Income and SG&A [Bank]

Fee Income

(KRW bn)



Fee Income Breakdown (FY15.)



Non-Interest Income (Bank)

(KRW bn)	FY15	4Q15	3Q15	QoQ%	FY14	YoY%
Fee Income	658.3	156.3	163.6	-4.5	602.7	9.2
Commissions in KRW	271.0	61.4	65.3	-6.0	237.7	14.0
F/X-Related Fees	142.3	36.6	36.3	0.8	133.8	6.4
Bancassurance	63.6	13.9	15.1	-7.9	80.8	-21.3
Credit Card	149.7	36.9	38.9	-5.1	118.7	26.1
Fund Sales	31.7	7.5	8.0	-6.3	31.7	0.0
Other Non-Int. Income	-559.7	-228.5	-200.9	-	-569.4	-
Gain from Securities	245.0	42.5	53.1	-20.0	142.2	72.3
Gain/Loss on Disposal	-86.4	-101.8	-34.1	-	-39.6	-
Others ¹⁾	-772.3	-181.2	-234.6	-	-723.3	-
Trust Income	54.0	12.0	14.7	-18.4	51.3	5.3
Net Non-Int. Income	98.6	-72.2	-37.3	-	33.3	196.1

1) Contributions to Credit Guarantee Fund, Depository Insurance Premium, and Gains/Loss from F/X Transactions & Derivatives

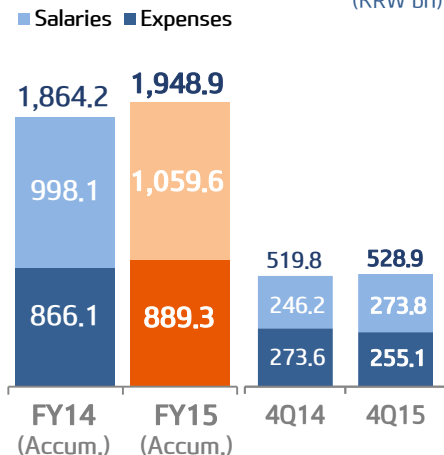
Cost to Income Ratio

(%)



SG&A

(KRW bn)



SG&A (Bank)

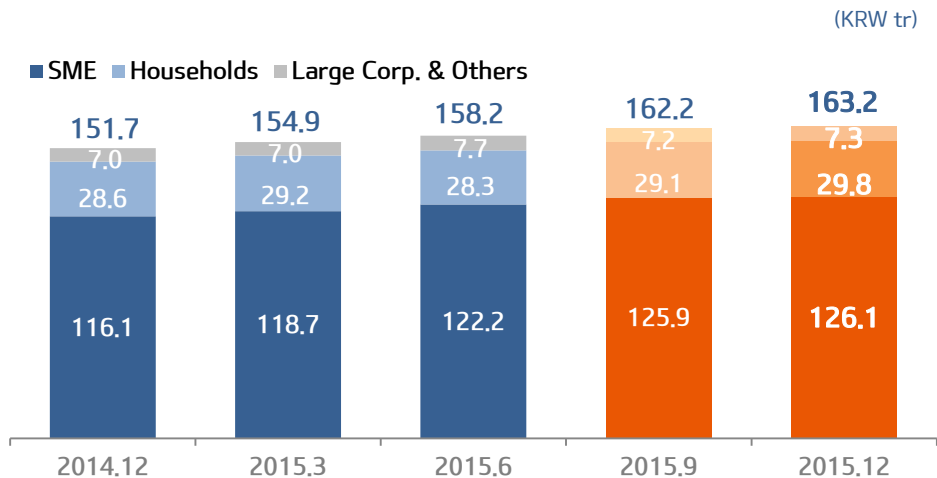
(KRW bn)	FY15	4Q15	3Q15	QoQ%	FY14	YoY%
SG&A Expenses	1,948.9	528.9	486.9	8.6	1,864.2	4.5
Salaries	1,059.6	273.8	246.1	11.2	998.1	6.2
Admin. Expenses	889.3	255.1	240.8	6.0	866.1	2.7
Non-Op. Income	-41.3	-35.7	-6.8	-	-19.6	-
Non-Op. Revenue	57.3	27.5	9.6	186.5	47.2	21.4
Non-Op. Expense	98.6	63.2	16.4	285.4	66.8	47.6



Loans · Deposits [Bank]

1. Loan Portfolio
2. Deposit Structure

Total Loans

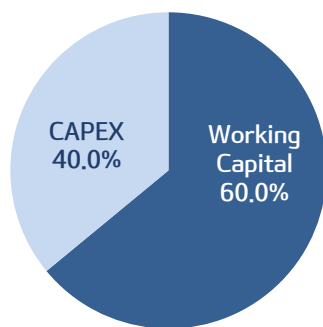


Total Loans (Bank)

(KRW bn)	2015.12	2015.9	QoQ%	2014.12	YTD%
SME	126,112	125,928	0.1	116,100	8.6
Working Capital	75,714	77,306	-2.1	74,335	1.9
CAPEX	50,398	48,622	3.7	41,765	20.7
Household	29,780	29,139	2.2	28,556	4.3
Housing Loan	17,518 ¹⁾	17,140	2.2	16,639	5.3
General	12,262 ²⁾	11,999	2.2	11,917	2.9
Others	7,302	7,152	2.1	7,057	3.5
Total	163,194	162,219	0.6	151,712	7.6

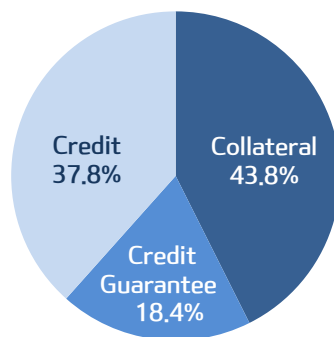
▪ Loan Portfolio : SME 77.3%, Household 18.2%, Large Corp. & Others 4.5%
 1) Untransferred Balance included (U-KHFC Loan: 103.6bn, Conforming Loan: 39.5bn)
 2) 125.5bn of Credit Card Loans included

SME Loans by Purpose



▪ SME Loans (including Loans in FCY)

SME Loans by Collateral



▪ SME Loans (including Loans in FCY)

SME Loans by Industry (Bank)

(KRW bn)	2015.12				2014.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
Manufacturing	78,839	62.5	5,608	-0.6	73,231	63.1
Wholesale & Retail	19,469	15.4	807	-0.7	18,662	16.1
Real Estate Lease & Rental	9,410	7.5	2,199	1.3	7,211	6.2
Construction	4,352	3.5	181	-0.1	4,171	3.6
Lodging & Dining	1,324	1.0	166	0.0	1,158	1.0
Others	12,718	10.1	1,051	0.1	11,667	10.0
Total	126,112	100.0	10,012	-	116,100	100.0

▪ SME Loans (including Loans in FCY)

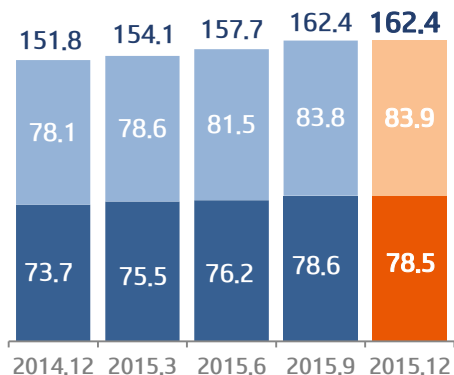


Deposit Structure [Bank]

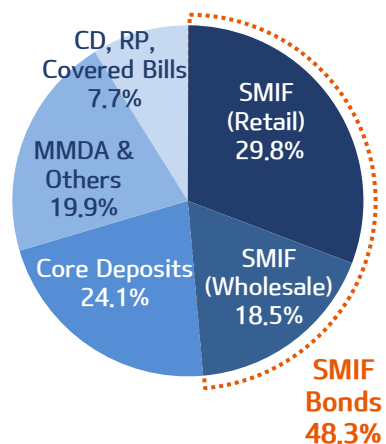
Total Deposit

(KRW tr)

■ SMIF ■ Others(Total Deposit-SMIF)



Deposit Breakdown



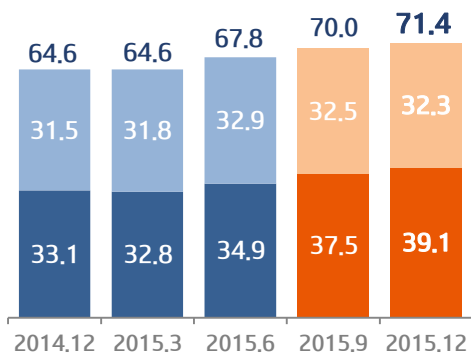
Total Deposits (Bank)

(KRW bn)	2015.12	2015.9	QoQ%	2014.12	YTD%
Deposits	71,418	70,033	2.0	64,558	10.6
Core Deposits ¹⁾	39,133	37,474	4.4	33,127	18.1
MMDA	7,063	7,063	0.0	7,804	-9.5
Others	25,222	25,496	-1.1	23,628	6.7
CD, Covered Bill, RP	12,578	13,778	-8.7	13,572	-7.3
SMIF Bonds	78,453	78,621	-0.2	73,692	6.5
(Retail-funded)	48,353	48,254	0.2	46,617	3.7
(Wholesale-funded)	30,100	30,367	-0.9	27,075	11.2
Sub Total	162,449	162,432	0.0	151,822	7.0
Trust ²⁾	14,147	13,694	3.3	11,353	24.6
Total Deposits	176,596	176,126	0.3	163,175	8.2

Deposits

(KRW tr)

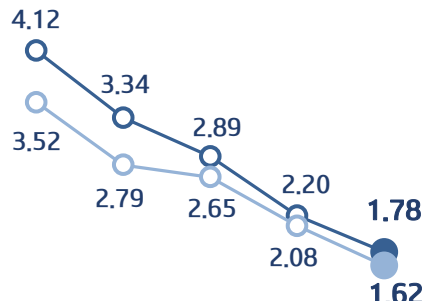
■ Core Deposits ■ MMDA & Others



SMIF Bonds Yields

(%)

○ Retail ○ Wholesale



- Based on SMIF Bond with 1 year maturity
- 4Q's Average Yields used for 2011-2015

▪ Monthly average B/S balance

1) Core Deposits: Corporate Free Savings + Savings Deposits + Demand Deposits (excluding MMDA)

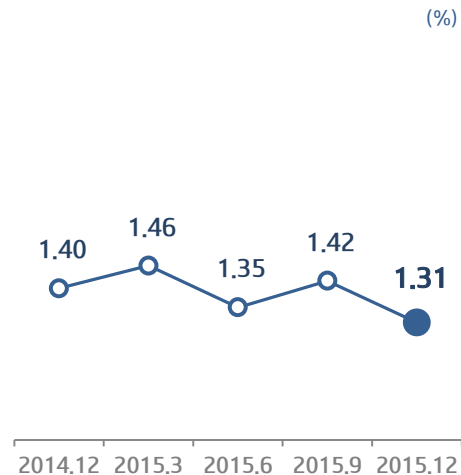
2) Money Trust (excluding fund sales)



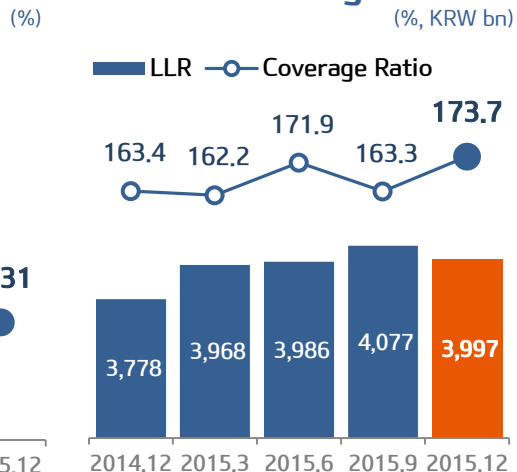
IV Asset Quality [Bank]

1. Asset Quality
2. Provisioning

Substandard & Below



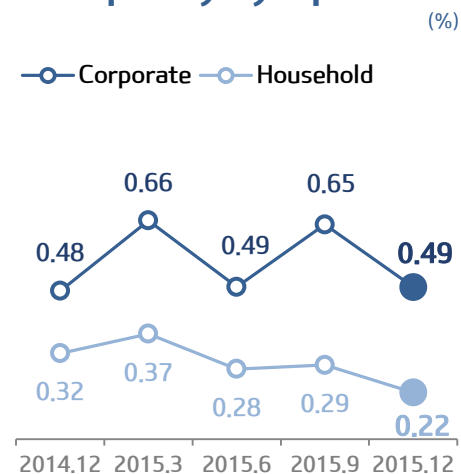
LLR & Coverage Ratio



Substandard & Below (Bank)

(KRW bn)	2015.12	QoQ%	2015.9	2014.12	YTD%
Total Loan¹⁾	176,224	0.2	175,955	164,731	7.0
Normal	171,134	0.4	170,529	159,813	7.1
Precautionary	2,789	-4.8	2,929	2,618	6.5
Sub. & Below	2,301	-7.8	2,497	2,300	0.0
Substandard	1,638	-12.3	1,868	1,784	-8.2
Doubtful	248	86.5	133	108	129.6
Est. Loss	415	-16.3	496	421	-1.4
Sub. & Below Ratio	1.31%	-0.11%p	1.42%	1.40%	-0.09%p
Loan Loss Reserves	3,997 ²⁾	-2.0	4,077	3,778	5.8
Coverage Ratio	173.7	10.4%p	163.3%	163.4%	10.3%p
Write-offs (Quarterly)	216.1	26.8	170.4	404.6	-46.6

Delinquency by Operation



Delinquency by Industry



▪ Principal or Interest of +30 days past due

▪ Principal or Interest of +30 days past due

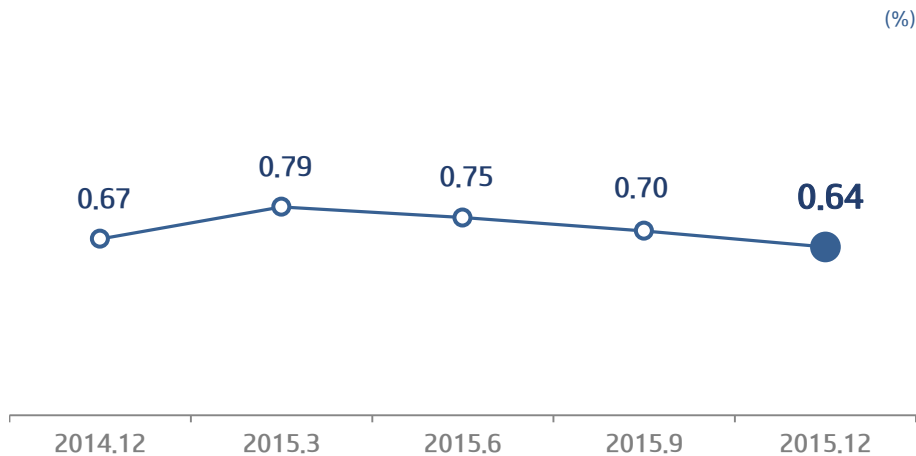
1) Total Credit

2) KRW 1,867.3bn of Reserve for Credit Loss included

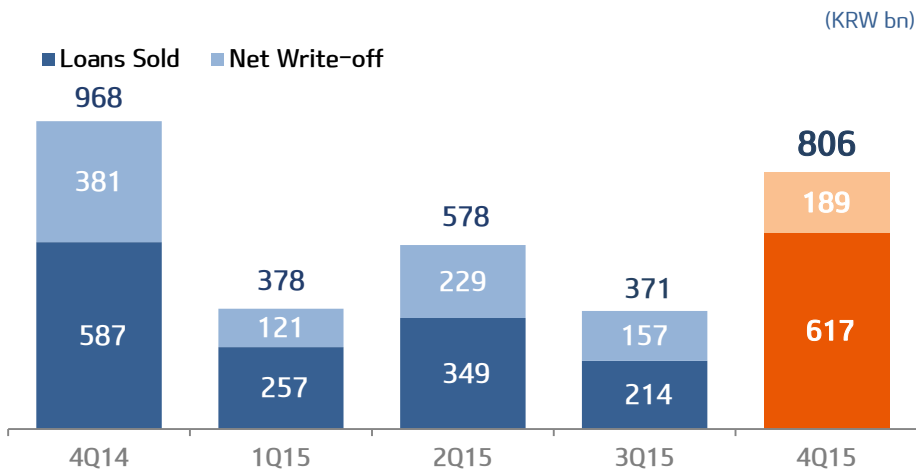


Provisioning [Bank]

Credit Cost



Write-offs & NPL Sales



Provisioning (Bank)

(KRW bn)	4Q15	3Q15	2Q15	1Q15	4Q14
Corporate	347.1	318.1	364.1	300.7	363.5
Provisioning	340.1	312.5	365.0	306.9	357.0
Unused Credit Line	7.0	5.6	-0.9	-6.2	6.5
Household	13.2	9.8	9.7	10.6	13.1
Provisioning	13.2	9.7	9.7	10.5	13.0
Unused Credit Line	0.0	0.1	0.0	0.1	0.1
Credit Card	6.3	21.6	13.4	14.9	13.8
Provisioning	4.8	21.7	13.6	14.0	14.1
Unused Credit Line	1.5	-0.1	-0.2	0.9	-0.3
Sub Total	366.6	349.5	387.2	326.2	390.4
Recoveries & Other Provisioning	-160.8 ¹⁾	-62.2	-76.0	2.4	-145.2
Net Provisioning	205.8	287.3	311.2	328.6	245.2

1) Write-back from NPL Sales (KRW 156.7bn) included



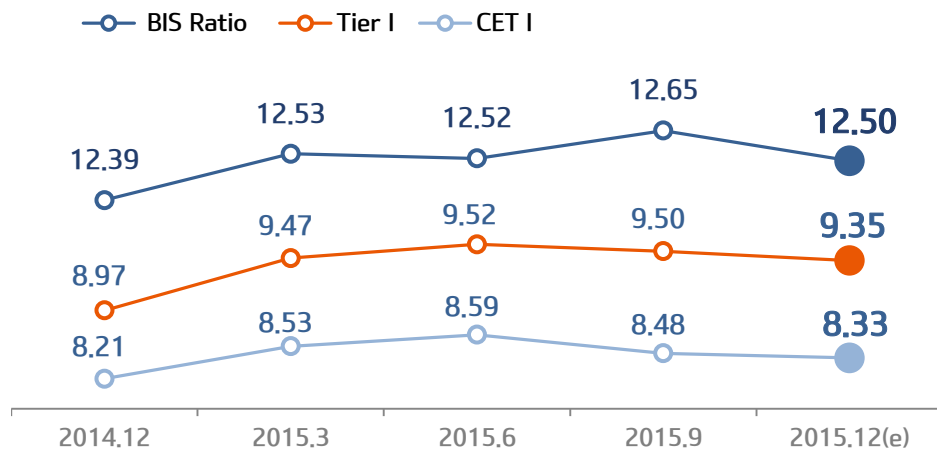
V Capital Adequacy [Consol.]



Capital Adequacy [Consol.]

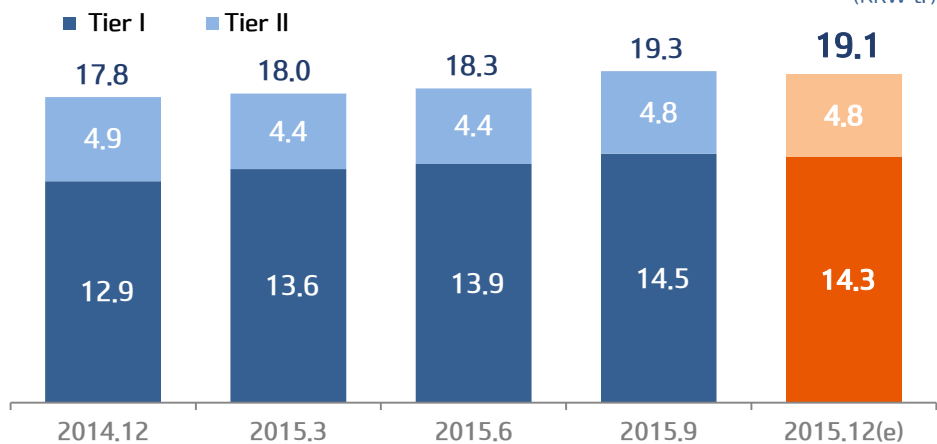
BIS CAR

(%)



Capital Adequacy Trend

(KRW tr)



Capital Adequacy & BIS CAR

(KRW bn, %)	2015.12(e)	2015.9	2014.12
Tier I	14,317	14,549	12,899
Common Equity Tier I	12,754	12,988	11,799
Common Shares Issued	2,782	2,782	2,766
Stock Surplus	531	531	508
Retained Earnings	11,262	11,040	10,183
Accum. Other Comprehensive Income	740	859	530
Additional Tier I	1,563	1,561	1,100
Tier II	4,824	4,820	4,913
LLR	197	196	448
Provision in excess of Exp. Loss	743	740	597
Subordinated Bonds	3,880	3,880	3,862
Total	19,141	19,369	17,812
Risk-Weighted Assets	153,171	153,162	143,799
BIS Ratio	12.50	12.65	12.39
Tier I	9.35	9.50	8.97
CET I ¹⁾	8.33	8.48	8.21
Tier II	3.15	3.15	3.42

1) Common Equity Tier I

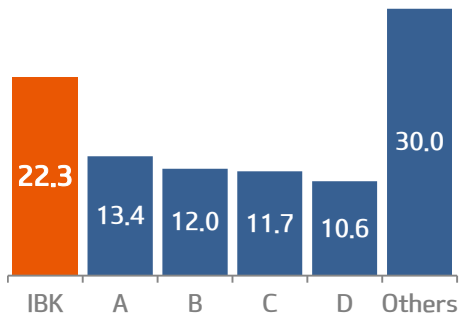


VI Appendix

- SME Loan & SMIF Bond Details

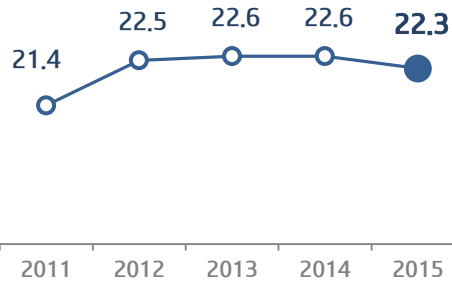
SME Loan

Market Share by Banks (%)



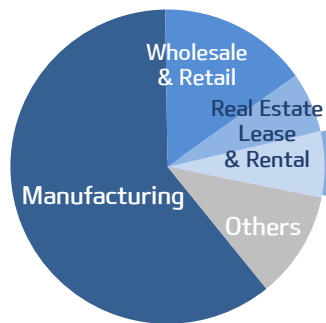
- BOK reported standard
- 4Q15 SME loan balance by banks

IBK M/S Trend (%)



- BOK reported standard

Construction, Shipbuilding, Shipping



Asset Quality Breakdown

Precautionary & Below
4.6%

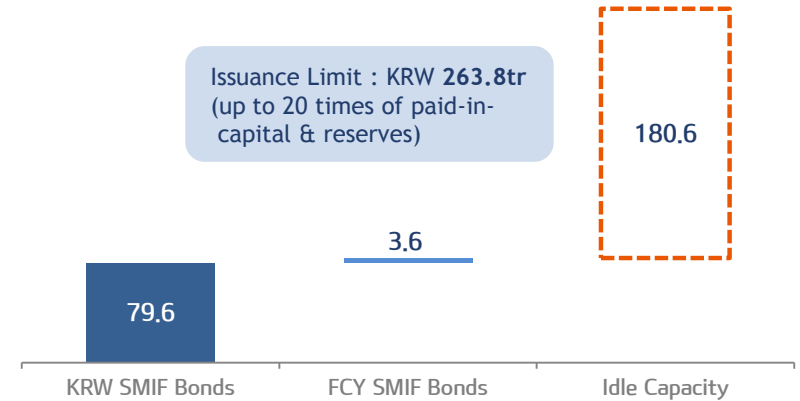
Normal
95.4%

2015.12

SMIF Bond

SMIF Bond Balance & Issuance Limit

(KRW tr)



- B/S balance (KRW)

SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	61.3	7.1	1.3	1.5	7.3	78.5
%	78.1%	9.0%	1.7%	1.9%	9.3%	100.0%

- Monthly average B/S balance(KRW)